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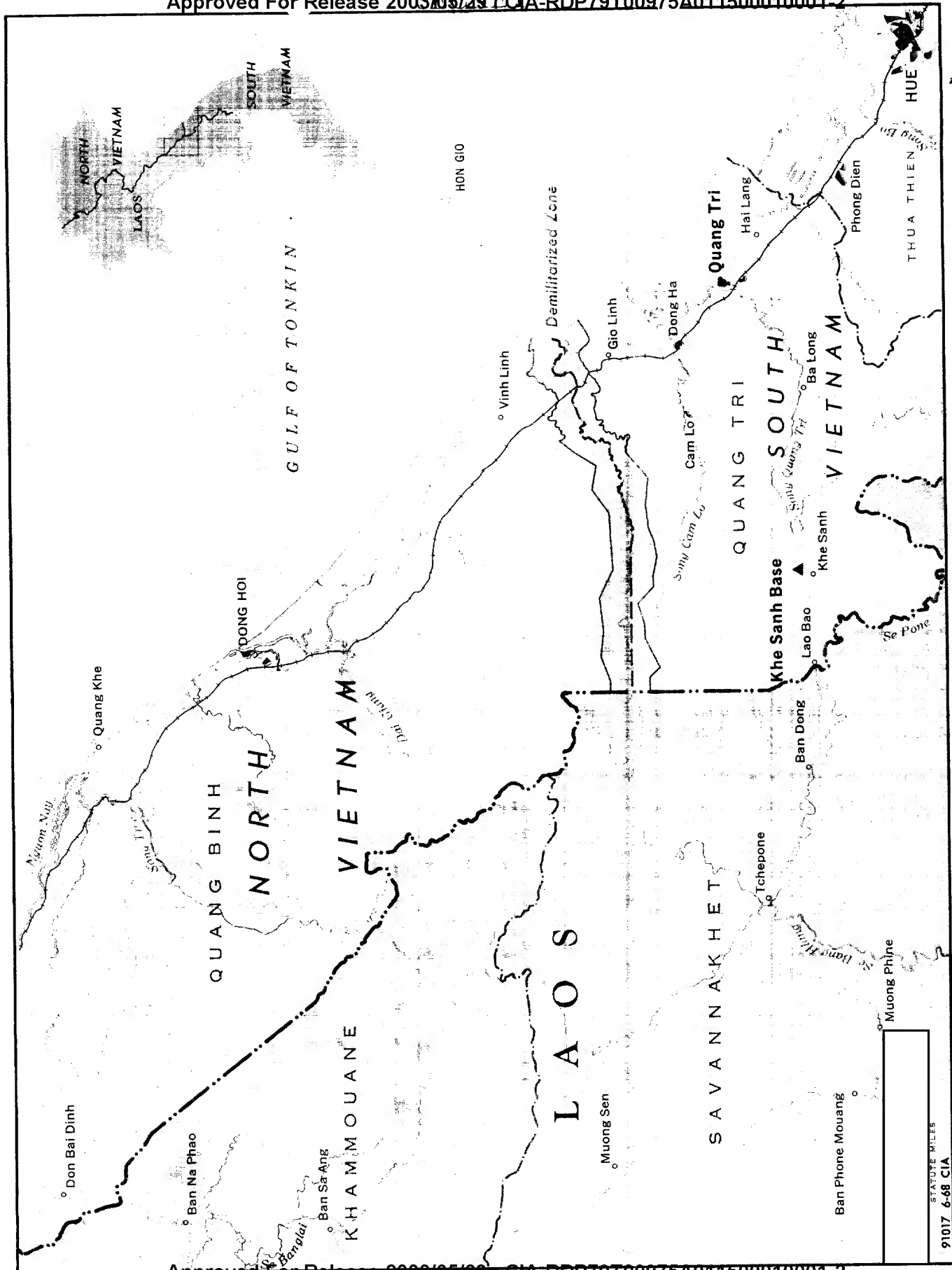
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[South Vietnam: The shelling of Saigon remained light in the face of Communist threats of continuous bombardment for 100 days, but it picked up in the northern provinces.

Allied bases along the Demilitarized Zone as well as Quang Tri city all came under heavy mortar attack on 18-19 June, and elements of the North Vietnamese 308th Division attacked US Marine positions south of Khe Sanh for the second time in four days. The action lasted more than ten hours and Communist losses were heavy.

* * * *

The press is reporting rumors that Prime Minister Huong is threatening to resign unless a controversy that has risen over the appointment of Saigon Mayor Nhieu is resolved. The US Embassy does not believe that Huong is upset enough over this issue to resign.

* * * *

[Vice President Ky told a Western diplomat on 18 June that he was deeply concerned about South Vietnam's political weakness and factionalism. These were, he said, Hanoi's primary target. He reiterated his television statement of the previous evening that he was opposed to any coup attempt, but he implied that he had strong reservations about the intentions and effectiveness of President Thieu and Prime Minister Huong. He indicated that he felt neither man was giving the country the leadership it needed and that both were more sensitive to US wishes than to the needs of the Vietnamese people.]



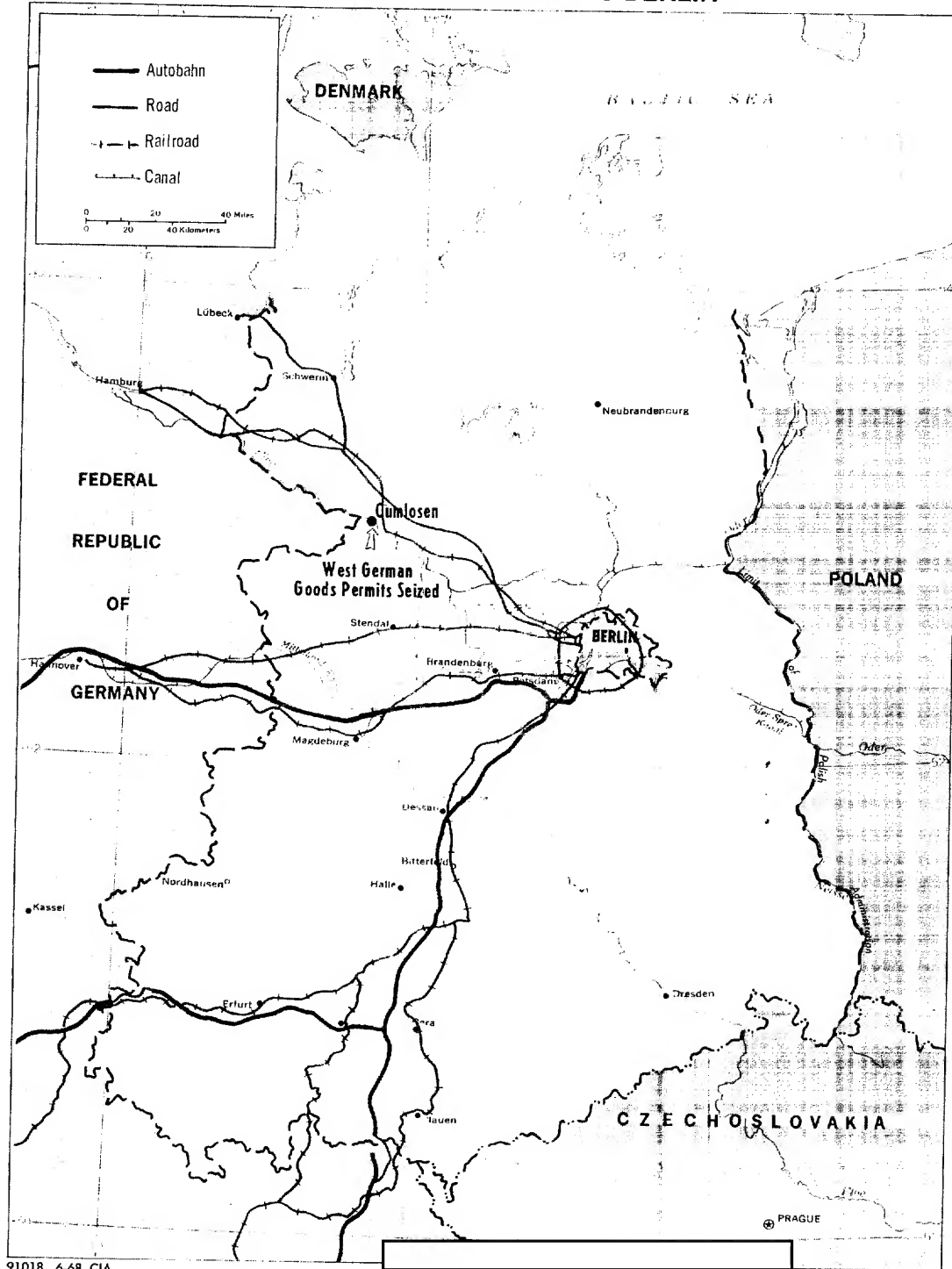
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WEST GERMAN SURFACE ACCESS ROUTES TO BERLIN



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[Berlin: Bonn is still steering a cautious course on the access question.

The state secretary of the Foreign Office in Bonn has confirmed that the government does not wish to take countermeasures in interzonal trade now. Bonn's stand appears to rest in part on the argument that Berlin benefits substantially from this trade and that any cutoff would be a blow against the economy of the city. Bonn apparently also wishes to avoid giving the East Germans any excuse for a further tightening of access controls.

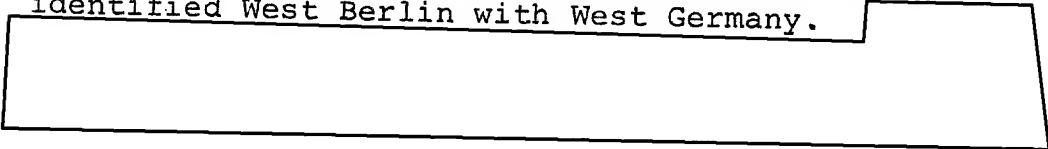
The proposal of the Allies and West Germany to restrict East German travel to NATO countries has been submitted to the other members of the alliance. The West German Foreign Office reports that Chancellor Kiesinger will not go to Washington, London, and Paris but rather will make contact through personal representatives. The Bundestag is to discuss the access situation today, with Kiesinger set to deliver a statement on the West German position.

Two West Berlin journalists have been refused visas by East German authorities since the regulations were announced last week, although another West Berlin journalist is known to have traveled to and from Berlin via autobahn. The two denials indicate that the visa requirement will be not only an onerous and costly piece of red tape, but will also be used to deny use of the autobahns to persons whom the East Germans consider undesirable.

East German checkpoint personnel at Cumlosen on the Elbe River began seizing goods permits from West German barge captains on 18 June. While the goods were allowed to proceed, the permits were withheld because they referred to West Berlin simply as Berlin and not as a separate political]

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[entity. This measure is probably a probe on the part of the East Germans to determine what if any counteraction Bonn might take if new requirements were levied on documentation for goods transiting interzonal water, as well as roads to Berlin. Last week Interior Minister Dickel warned that East Germany would not accept trade documentation which identified West Berlin with West Germany.



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USSR: [Moscow has published a detailed reply to the President's recent statements which gives its asking price for improving relations with the US.]

[In a major article entitled "Necessary Reminder," commentator Mayevsky in Pravda yesterday said that if the US is genuinely interested in developing contacts with the USSR, it first must act to solve outstanding problems, above all the US "aggression" in Vietnam.]

[According to a Tass summary of the article, other obstacles cited were US support for Israel, "ideological subversions" and trade discrimination against the USSR and its allies, and the further militarization of the US and its allies in NATO and "other military blocs." The article made only routine reference to disarmament and did not mention specific prospects on ABMs or strategic missile limitations.]

[The article was the most explicit and authoritative of the published Soviet comments on the President's appeals for better US-Soviet relations. It claimed that these appeals are indicative of growing public sentiment in America which must be reckoned with by those now in office and those running for office. It implied that the USSR would respond favorably when the US shows that it is really interested, but that by disregarding a solution to the above problems the US rendered "unrealistic" the belief that Soviet-American relations could be improved.]

[The Soviets continue to profess readiness to "normalize" relations with capitalist states. At the same time, Moscow has been at pains to put down any suggestion of increased contacts with the US

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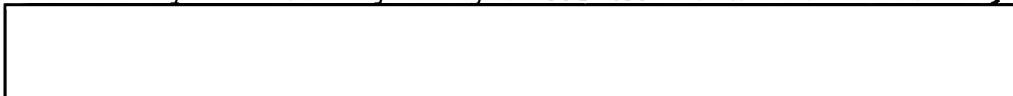
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in light of the USSR's need to show itself standing firm with Hanoi and to parry Peking's propaganda thrusts at alleged US-Soviet "collusion."]

[Russia's determination to disparage the notion of a warming trend in US-Soviet relations doubtless is reinforced by the USSR's anxieties about the effect of "ideological subversions" on intellectual dissidence at home and in Eastern Europe. These considerations are also evident in Soviet insistence on cutting back on some elements in the US-Soviet cultural exchanges agreement, now under negotiation in Moscow. Soviet negotiators in Moscow are unyielding in their determination to trim exchanges which involve large numbers of people--performing arts groups, exhibits, and graduate student exchanges--while maintaining at previous levels the less visible and, for Moscow, more desirable scientific and technical exchanges.]

[They have done this in virtually all the previous negotiations since 1958, although the extent of their desire to trim features of the agreement wanted by the US may be greater now than heretofore.]



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Finland: [The German question has during recent months become a domestic and foreign policy issue in Finland.]

[In recent weeks, President Kekkonen has expressed annoyance over the growing pressures on his government to reconsider its long-standing policy of withholding diplomatic recognition from both East and West Germany. Both have trade missions in Helsinki.]

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[Although the Soviet role in these pressures has been less obvious, Soviet officials apparently are missing few opportunities to encourage the Finns to adopt a policy of recognizing both Germanies.]

[This pressure has had some effect on the large Social Democratic Party, for whom good relations with Moscow are crucial. A party delegation to Moscow in May subscribed to a communiqué which stated that the interests of peace would be served if all European states recognized the two Germanies. Party leaders, however, stated that they plan no action on this matter, and Prime Minister Koivisto, a Social Democrat, recently expressed support for

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the government's present policy. The Communist-front SKDL and the fellow-traveling Social Democratic opposition faction strongly support the East German cause.

[A major obstacle to a change in Helsinki's policy toward Germany is the attitude of Kekkonen. He is the government official ultimately responsible under the Finnish constitution for the conduct of foreign affairs.]

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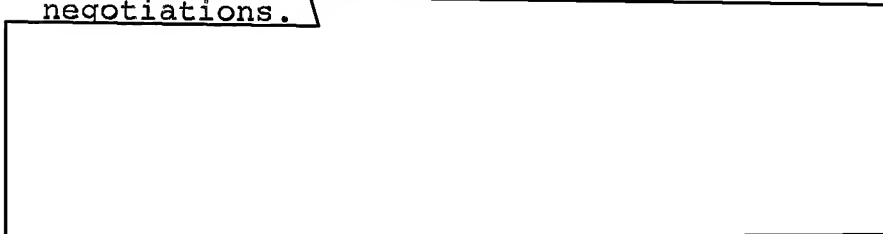
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Yugoslavia - West Germany: Belgrade has been gratified by Foreign Minister Brandt's expression of willingness to increase ties during his recent visit.

Moreover, Tito welcomed Brandt's visit and that of British Foreign Secretary Stewart for their value in enhancing his prestige and his aspirations for a larger role in international politics.

During the Brandt visit, the two countries agreed to begin negotiations to abolish tourist visas. Brandt continued to support Belgrade's effort to secure a trade arrangement with the Common Market. He also expressed Bonn's willingness to negotiate a new trade-and-payments agreement with the Yugoslavs, which might help them in their current economic difficulties. In addition he said Bonn was ready to negotiate new agreements on economic, scientific, technical, and cultural exchange matters. In turn, Belgrade reportedly stressed its special interest in Bonn's efforts at rapprochement with Eastern Europe, particularly on the basis of agreements renouncing the use of force.

Little progress was made on the important issue of war reparations. Both sides expressed their attitudes toward these claims that arose from World War II, but they apparently made no attempt to reach a settlement. Similarly, the issue of rights for Yugoslav guest workers in West Germany were held in abeyance for future negotiations.



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Japan: [Government party leaders have reaffirmed the nation's reliance on the security treaty with the US despite widespread concern over the US military presence.]

[In the face of determined opposition to continuing the present treaty beyond 1970 and the current nationwide antibase mood, conservative leaders have stressed their support for the treaty and under-scored its security and economic advantages for Japan. In a statement cleared by Prime Minister Sato, Naka Funada, chairman of the ruling party's national security committee, unequivocally called for the treaty's "automatic extension" when it becomes subject to review in 1970.]

25X1 [Funada [] indicated that the statement was designed to provide guidance for Liberal Democratic Party politicians in the current campaign for upper house elections on 7 July. He apparently fears that in the existing antibase climate some conservative candidates might take a softer line on the treaty than desired by the party leadership. Nonetheless, clear expressions of support also reflect the conservative leadership's confidence that the opposition parties' trumpeting of the base issue will not seriously affect Liberal Democratic prospects in the election. At the same time the government appears, for tactical political reasons, to be searching for some changes in base arrangements in order to reduce the visibility of US forces in Japan.] []

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Brazil: Student demonstrators again tangled with Rio de Janeiro police on 19 June and showed considerably better organization than has been evident in earlier clashes.

The demonstrators, some of whom were well past student age, used rocks and clubs. They apparently caught Guanabara state police unprepared for an organized attack.

Irate police officials have declared that no further disorders will be tolerated.

The demonstrators, however, reportedly led by a minority radical group, are gearing up for demonstrations today and on 21 June. Repressive measures by police would be likely to set off renewed violence in Rio and possibly other major cities.

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Israel - Arab States: [Last week Defense Minister Moshe Dayan told the Knesset that since the war last June Israel had killed 381 Arab saboteurs and 71 Jordanian soldiers and had captured 1,824 Arab "irregulars." During the same period, according to Dayan, 108 Israeli soldiers and 20 Israeli civilians were killed. While the Israelis obviously have had the best of it in the postwar clashes, their casualties nonetheless are high for a country with a population of 2.6 million. By comparison about 700 Israelis were killed during the six-day war. Dayan and other "hawks" probably hope these postwar statistics will buttress their case for punitive raids across the cease-fire lines.]

Turkey-USSR: Moscow is reportedly making a determined effort to sell the Turks both civil and military aircraft. The Soviets have quoted low prices and have offered to accept repayment in agricultural commodities. Turkey's chief aircraft test evaluator is now in the Soviet Union where he will test fly two jet passenger aircraft, ride in two recent model fighters, and receive briefings on the planned Soviet supersonic transport and a modified version of a twin jet airliner now in use. The Turks probably would prefer US civil aircraft, particularly if they could obtain them on roughly similar terms. They are unlikely, in any case, to buy Soviet jet fighters.

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Chile: A by-election will be held in Cautin Province on 7 July to fill the congressional seat vacated by the incumbent's death in May. Most political parties had opposed holding an election because the seat must be contested again in the general congressional elections next March. The conservative National Party, which had held the seat, precipitated an election by entering a candidate. The leftist Social Democratic Party and the Christian Democrats then hurriedly entered their own candidates.

The Christian Democratic candidate, the best known of the three, is expected to receive strong support from the national organization. His defeat would be a severe psychological blow to the government and the Christian Democrats as they prepare for the national election campaign next year.

Cuba: The government reportedly is trying to attract West European students to a summer of touring, agricultural work, and political indoctrination.

Students from Italy, France, and West Germany, who were active in recent anti government demonstrations, will be offered a trip with all expenses paid to see the development of the Cuban revolution. Although the Cubans have said nothing official, it appears that this "international student brigade" will actually function as Fidel Castro's answer to the pro-Soviet World Youth Festival scheduled for this summer in Sofia, Bulgaria.

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Haiti-Bahamas: President Duvalier, still concerned about Haitian exile activities in the Bahamas, has placed a complete ban on travel from the Bahamas to Haiti. Bahamian and Haitian officials plan to meet on 8 July to discuss exile activities. They also will try to reach an agreement that would stop the illegal migration of Haitian laborers to the Bahamas and provide for the deportation of those laborers already there. The mysterious detention of a Bahamian Government information officer by Haiti may complicate the talks.



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